

- \$175 for a vehicle costing \$5,000 or less.
- \$350 for a vehicle costing more than \$5,000, but less than \$10,000.
- \$500 for a vehicle costing \$10,000 but less than \$40,000.

**NOTE:** The fee paid for the Contract Cancellation Option Agreement is nonrefundable; however, if the dealer charges a restocking fee then the dealer must deduct the paid Contract Cancellation Option Agreement Fee from the restocking fee. If the dealer did not charge for the Contract Cancellation Option Agreement and has sold or transferred title of the vehicle that the buyer used as a down payment or trade-in, the fair market value or value stated in the sales contract must be refunded, whichever is greater.

### ***Returning a Vehicle Using the Contract Cancellation Option Agreement***

The buyer must return the vehicle:

- To the dealer where purchased by close of business within two days, or within the time-frame allowed by the contract.
- Without exceeding the miles permitted by the contract.
- With all original receipts of the sales and Contract Cancellation Option Agreement.
- In the same condition as it was received, except for reasonable wear and tear and any defects or mechanical problems occurring after the buyer takes possession of the vehicle.
- Free of all liens and encumbrances, other than any lien or encumbrance created by the sales contract.

The dealer must provide the buyer a full refund of the sales tax, registration fees, and any deposit or trade-in vehicle collected from the buyer.

If the buyer has not returned the vehicle by the standards set above, the dealer has the right to refuse to accept the return of the vehicle;

however, a written notice must be provided to the buyer.

### ***Record of Complaint Form***

If the dealer fails to comply with the Car Buyer's Bill of Rights, you may complete and mail a Record of Complaint Form (INV 172A) to the Department of Motor Vehicles (DMV). (See form for addresses of DMV Investigations District Offices.)

The form is available:

- On the Internet at [www.dmv.ca.gov](http://www.dmv.ca.gov) under the Forms menu.
- By calling 1-800-777-0133 (for automated service 24 hours a day, 7 days a week).

### ***To Verify a Dealer's License Status***

Go online at [www.dmv.ca.gov](http://www.dmv.ca.gov) under **Occupational Licensing Information System** or you may contact your local DMV Investigations Office.

### ***Civil Disputes***

Whenever possible, you should attempt to resolve the problem with the other party or firm. If you are unable to obtain a resolution, you may consider contacting a private attorney or the small claims division of the county court in your community. Refer to the County Government section of your local telephone directory for the county court in your area. You may also contact a legal aid group for assistance.

### ***Other Consumer Alternatives***

Many consumers feel it is worthwhile to contact their local Better Business Bureau to register complaints regarding area businesses. Refer to the business section of your local telephone directory for the address and/or telephone number of the Better Business Bureau in your area.

For assistance and guidance in filing consumer complaints, contact:

### **California Attorney General**

[www.oag.ca.gov](http://www.oag.ca.gov)  
1-800-952-5225

### **Bureau of Automotive Repair**

[www.smogcheck.ca.gov](http://www.smogcheck.ca.gov)  
(916) 255-4300

### **Arbitration Certification Program**

[www.dca.ca.gov/acp/](http://www.dca.ca.gov/acp/)  
(916) 574-7350

### **Consumer Motor Vehicle Recovery Corporation**

[www.cmvrc.org](http://www.cmvrc.org)  
1-800-961-6175

For help finding the right government agency to assist with your problem, contact:

### **California Department of**

### **Consumer Affairs**

[www.dca.ca.gov](http://www.dca.ca.gov)  
1-800-952-5210

### ***Disclaimer***

When using this fast facts brochure, please remember that it is only a summary of the law. DMV, law enforcement, and the courts follow the full and exact language of the law contained in the *California Vehicle Code* and *California Civil Code*. If there is a conflict, this brochure cannot be relied upon as the law.



# Car Buyer's Bill of Rights

## Fast Facts

## Important Facts About the Law That Substantially Impacts the Purchase or Lease of Motor Vehicles



## *Car Buyer's Bill of Rights*

The Car Buyer's Bill of Rights became effective July 1, 2006, affecting retail vehicle sales by licensed car dealers in California. This law does not apply to motorcycles and off-highway motor vehicles or to transactions between private parties. Major changes include:

### *For New and Used Car Buyers*

- Dealers must provide an itemized price list for items such as warranties and insurance, etc., if the items are being financed.
- Dealers must provide buyers their credit score and an explanation of its use.

### *Written Disclosure About Your Consumer Credit Score*

Dealers must provide a "Notice to Vehicle Credit Applicant" document which discloses:

- Each credit score obtained and used by the dealer.
- A statement that a consumer report, or a credit report, is a record of the consumer's credit history and includes information about whether the consumer pays his or her obligations on time and the amount the consumer owes to creditors.
- A statement that a credit score is a number that takes into account information in a consumer report and that a credit score can change over time to reflect changes in the consumer's credit history.
- A statement that the consumer's credit score can affect whether the consumer can obtain credit and the cost of that credit.
- The range of possible credit scores under the model used to generate that credit score.
- The distribution of the consumer credit score used to generate the same scale of the credit score provided to the consumer. These credit scores will be presented in the form of a bar graph containing a minimum of six bars that illustrate the percentage of consumers with credit scores within the range of scores reflected

in each bar, or by other clear and readily understandable graphical means, or a clear and readily understandable statement informing the consumer how his or her credit score compares to the scores of other consumers. The use of a graph or statement obtained from the person providing the credit score meeting the requirements of this paragraph is deemed to comply with this requirement.

- The date the credit score was created.
- The name of the consumer reporting agency or other person that provided each credit score obtained and used by the dealer.
- A statement that the consumer is encouraged to verify the accuracy of the information contained in the consumer report and has the right to dispute any inaccurate information in the report.
- A statement that federal law gives the consumer the right to obtain copies of his or her consumer reports directly from the consumer reporting agencies, including a free report from each of the nationwide consumer reporting agencies once during any 12-month period.
- Contact information for the centralized source from which consumers may obtain their free annual consumer reports.

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**NOTE:** Notice must be written in at least 10-point type on a document separate from the sale or lease document.

### *Auto Financing Fee Caps*

If a dealer obtains financing on your behalf, the dealer compensation from an institution financing the purchase of a vehicle is limited to no more than:

- 2 percent of the purchase amount for contracts with a term of more than 60 months; **or**
- 2.5 percent of the purchase amount for contracts with a term of 60 months or less.

This limitation does not apply when the assignment requires the dealer to bear the entire risk of financial performance for the consumer or when

the assignment is more than six months after the date of the conditional sale contract.

### *Written Disclosure of Purchase Price for Items Usually Listed With the Monthly Payment Contract*

The dealer must provide a document indicating the price of specified items purchased and the effect of those items on installment payments. (*California Civil Code* §2982)

- Items requiring disclosure include a service contract, an insurance product, a debt cancellation agreement ("gap" insurance), a theft deterrent device, a surface protection product, and a vehicle Contract Cancellation Option Agreement.
- No charges may be added to the contract without full disclosure and without your consent.
- The document must advise you of the cost of the monthly installment payments with and without items listed.

### *For Used Car Buyers Only*

- A used car buyer may obtain a two-day sales Contract Cancellation Option Agreement.

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**NOTE:** There is no "cooling off" period **unless you obtain a Contract Cancellation Option Agreement**. Consumers who purchase a used car for less than \$40,000 must be given an opportunity to purchase a two-day Contract Cancellation Option Agreement.

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**EXCEPTION:** The Contract Cancellation Option Agreement does not apply to used cars priced at \$40,000 or more, new cars, private party sales, motorcycles, off-road vehicles, recreational vehicles, or vehicles sold for business or commercial use. (Does not include a pickup truck purchased for personal use.)

### *Prohibited "Certified" Used Vehicles*

Used cars advertised as "certified" must meet specific requirements. The dealer must perform

a complete inspection of the vehicle and must provide consumers with a copy of the inspection report.

Dealers are prohibited from advertising a vehicle as "certified" if:

- The odometer does not indicate the actual mileage of the vehicle.
- The vehicle was purchased under state or federal warranty law (repurchased by the manufacturer or dealer).
- The vehicle was damaged by a collision, fire, or flood unless repaired to safe operational condition prior to sale.
- The title was branded as a Lemon Law Buyback, manufacturer repurchase, salvage, junk, nonrepairable, flood, or similar designation.
- The vehicle has frame damage or was sold "as is."
- The seller failed to provide the buyer with a complete inspection report of all components inspected.

**IMPORTANT:** Consumers should inquire as to why the vehicle cannot be certified.

### *Cancellation Option Specifics*

The following indicates how much you can expect to pay if you choose to purchase the Contract Cancellation Option Agreement:

- \$75 for a vehicle costing \$5,000 or less.
- \$150 for a vehicle costing more than \$5,000, but not more than \$10,000.
- \$250 for a vehicle costing more than \$10,000, but not more than \$30,000.
- One percent of the purchase price for a vehicle costing more than \$30,000, but less than \$40,000.

If you choose to return the vehicle, within the time specified, the dealer can charge a maximum restocking fee of: